

# Coalition Against Discriminatory Car Rental Excise Taxes

Don't Be Taken for a Ride

EXHIBIT 3

DATE 03/15/2013

SB 585

## Car Rental Customers Already Pay Their Fair Share

Car rental customers have already paid millions due to a special 4% sales tax enacted in 2005. Because Montana does not impose a general sales tax, that's 4% more than consumers are already paying for other goods and services in Montana. Unbelievably, car renters are now asked to pay even more under the current proposal that would raise the burden to 6%!

ACE Rent A Car

Alamo Rent a Car

American Car Rental  
Association

Avis Rent A Car

Budget Car Rental

Dollar Rent A Car

Enterprise Rent-A-Car

Journey Rent A Car

The Hertz Corporation

National Car Rental

Payless Car Rental

Rent A Wreck

Thrifty Car Rental

Truck Renting and  
Leasing Association

## Car Rental Is Not a Sin

Montana is grouping car rental with other goods and services that are subject to so-called "sin taxes" that many states apply to beer, wine, liquor, tobacco, tanning salons, etc. This doesn't make any sense considering that most Montana residents are renting a car to replace their primary vehicle that is in for service or repair. Why are we adding more tax when our residents are already negotiating a repair bill and the inconvenience associated with car repair?

## Montana Rent More Cars than Tourists

There is a common misconception that car rental taxes are paid for by out-of-towners. In fact, **the overwhelming majority of car rentals in Montana are to local residents** – renting because their car is in for repair or they need a special vehicle for business or pleasure. Nationwide, local car rental and car sharing continues to outpace the airport market since Auto Rental News announced in 2006 that for the first time ever, off-airport car rentals accounted for 54% (\$9.5 billion) of the \$17.6 billion nationwide market.

## Disproportionate Impact on Low Income Renters

According to a 2010 nationwide study conducted by the Brattle Group, car renters that paid for a car rental in their home town out of their own pocket, 25% of those rentals were to individuals residing in zip codes where the average household income was less than \$40,000 per year.